GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:2970
ANSWERED ON:21.03.2002
RURAL ELECTRIFICATION IN KARNATAKA
VINAY KUMAR SORAKE

Will the Minister of POWER be pleased to state:

(a) whether the Government of Karnataka has sought for a reduction in the rate ofinterest of 12% for rural electrification works by Rural Electrification Corporation, to 7.5%;

(b) if so, whether this reduction in the rate of interest was sought because of remote location of unelectrified hamlets/villages with no corresponding return on huge capital outlays;

(c) if so, whether the Government have issued any directive to the Rural Electrification Corporation to examine this issue; and

(d) if so, the steps taken thereon?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER(SHRIMATI JAYAWANTI MEHTA)

(a) to (d) : Rural Electrification Corporation (REC) is a financial institution.The rate at which it lends money depends on the cost at which REC is able to raise funds.REC has reduced interest rates on its loans to Power Utilities by 2% during this financial year. Interest rates presently applicable vary from 10% for Dalit Basti schemes to 11.5% for System Improvement Schemes.